



Senate

General Assembly

February Session, 2014

File No. 27

Senate Bill No. 57

Senate, March 18, 2014

The Committee on Labor and Public Employees reported through SEN. HOLDER-WINFIELD of the 10th Dist., Chairperson of the Committee on the part of the Senate, that the bill ought to pass.

AN ACT CONCERNING THE DIRECT DEPOSIT OF WAGES.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (a) of section 31-71b of the 2014 supplement to
2 the general statutes is repealed and the following is substituted in lieu
3 thereof (*Effective October 1, 2014*):

4 (a) (1) Except as provided in subdivision (2) of this subsection, each
5 employer, or the agent or representative of an employer, shall pay
6 weekly all moneys due each employee on a regular pay day,
7 designated in advance by the employer, in cash, by negotiable checks
8 or, upon an employee's written request, by credit to such employee's
9 account in any bank that has agreed with the employer to accept such
10 wage deposits. Any electronic direct deposit of wages to an employee's
11 account in any bank, Connecticut credit union or federal credit union
12 that has agreed to accept such payment shall be electronically
13 identified by the depositor as a deposit of wages.

14 (2) Unless otherwise requested by the recipient, the Comptroller
15 shall, as soon as is practicable, pay all wages due each state employee,
16 as defined in section 5-196, by electronic direct deposit to such
17 employee's account in any bank, Connecticut credit union or federal
18 credit union that has agreed with the Comptroller to accept such wage
19 deposits.

20 Sec. 2. Subsection (c) of section 52-367b of the general statutes is
21 repealed and the following is substituted in lieu thereof (*Effective*
22 *October 1, 2014*):

23 (c) If any such financial institution upon which such execution is
24 served and upon which such demand is made is indebted to the
25 judgment debtor, the financial institution shall remove from the
26 judgment debtor's account the amount of such indebtedness not
27 exceeding the amount due on such execution before its midnight
28 deadline, as defined in section 42a-4-104. Notwithstanding the
29 provisions of this subsection, if electronic direct deposits that are
30 readily identifiable as (1) exempt federal veterans' benefits, Social
31 Security benefits, including, but not limited to, retirement, survivors'
32 and disability benefits, supplemental security income benefits or child
33 support payments processed and received pursuant to Title IV-D of
34 the Social Security Act, or (2) wages were made to the judgment
35 debtor's account during the thirty-day period preceding the date that
36 the execution was served on the financial institution, then the financial
37 institution shall leave the lesser of the account balance or one thousand
38 dollars in the judgment debtor's account, provided nothing in this
39 subsection shall be construed to limit a financial institution's right or
40 obligation to remove such funds from the judgment debtor's account if
41 required by any other provision of law or by a court order. The
42 judgment debtor shall have access to such funds left in the judgment
43 debtor's account pursuant to this subsection. The financial institution
44 may notify the judgment creditor that funds have been left in the
45 judgment debtor's account pursuant to this subsection. Nothing in this
46 subsection shall alter the exempt status of funds which are exempt
47 from execution under subsection (a) of this section or under any other

48 provision of state or federal law, or the right of a judgment debtor to
49 claim such exemption. Nothing in this subsection shall be construed to
50 affect any other rights or obligations of the financial institution with
51 regard to the funds in the judgment debtor's account.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2014</i>	31-71b(a)
Sec. 2	<i>October 1, 2014</i>	52-367b(c)

LAB *Joint Favorable*

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact:

Municipalities	Effect	FY 15 \$	FY 16 \$
Various Municipalities	Potential Cost	Indeterminate	Indeterminate

Explanation

The bill does not result in a fiscal impact to the state, but may result in a cost to municipalities. The Office of the State Comptroller manages direct deposits through the state's accounting system, Core-CT. While the current system will have to have a field added to electronically identify deposits as wages, this configuration is considered part of the normal maintenance of Core-CT and therefore will not result in any additional cost to the state.

There may be a cost to municipalities related to consulting or other information technology related costs to configure their electronic payroll systems to accommodate the requirements of the bill. It is uncertain what the scope of the costs will be.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to inflation.

OLR Bill Analysis**SB 57*****AN ACT CONCERNING THE DIRECT DEPOSIT OF WAGES.*****SUMMARY:**

This bill expands the types of deposits that automatically exempt up to \$1,000 from bank executions against a judgment debtor's account to include electronic direct deposits that are readily identifiable as wages. Current law requires this automatic exemption if, within 30 days before the execution order, the judgment debtor's account received electronic direct deposits that are readily identifiable as federal veteran's benefits, Social Security benefits, supplemental security income benefits, or child support payments under the Social Security Act. The bill extends the same exemption, including its notice requirements and limitations, to accounts that received electronic direct deposits readily identifiable as wages within 30 days before the execution order.

The bill also requires an employer, its agent, or representative paying an employee's wages by direct deposit into any bank, Connecticut credit union, or federal credit union, to electronically identify the deposit as wages.

EFFECTIVE DATE: October 1, 2014

EXEMPTION NOTICE REQUIREMENTS AND LIMITATIONS

Under the bill, an exemption triggered by an electronic direct deposit of wages is subject to the same notice requirements and limits as the other automatic exemptions currently allowed by law. These include (1) allowing a bank to notify the judgment creditor that funds were left in the debtor's account, (2) requiring a bank to notify the judgment debtor and any other secured parties if any funds are removed, and (3) allowing a bank to reduce the account balance to less

than \$1,000 if it is required to do so by any other provision of law or a court order.

BACKGROUND

Other Bank Execution Exemptions

The law allows creditors to seek an execution order on a bank to remove funds from a debtor's bank account, although it exempts from the execution the lesser of (1) 75% of a debtor's disposable weekly earnings or (2) \$348 of weekly wages. To receive this exemption, the debtor must file an exemption claim with his or her bank after receiving the execution notice and have the claim determined in a Superior Court hearing. The potentially exempted funds are frozen until the court rules on the exemption.

COMMITTEE ACTION

Labor and Public Employees Committee

Joint Favorable

Yea 11 Nay 0 (03/04/2014)